

TLOKWE CITY COUNCIL

(NW 402)



ANNUAL FINANCIAL STATEMENTS

**for the year ended
30 June 2008**

I am responsible for the presentation of these annual financial statements, which are set out on pages 3 to 51, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

A handwritten signature in blue ink, appearing to read "RJ Mosiane", is written over a horizontal line.

RJ MOSIANE
ACCOUNTING OFFICER

M

29-08-2008
DATE

TLOKWE CITY COUNCIL
(NW402)

ANNUAL FINANCIAL STATEMENTS
2007/2008

CONTENTS

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS	3
STATEMENT OF FINANCIAL POSITION	16
STATEMENT OF FINANCIAL PERFORMANCE	17
STATEMENT OF CHANGES IN NET ASSETS	18
CASH FLOW STATEMENT	19
NOTES TO THE FINANCIAL STATEMENTS	20
APPENDIX A: SCHEDULE OF EXTERNAL LOANS	43
APPENDIX B: ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	44
APPENDIX C: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT	45
APPENDIX D: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE	46
APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EQUIPMENT)	47
APPENDIX E(2): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)	49
APPENDIX F: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT	50
APPENDIX G: GENERAL STATISTICS	51

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2008

1. BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings, financial assets and financial liabilities, which are carried at fair value.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of:

- General Notice 991 of 2005, dated 7 December 2005 and issued in Government Gazette No. 28095 of 15 December 2005; and
- General Notice 992 of 2005, dated 7 December 2005 and issued in Government Gazette No. 28095 of 15 December 2005.

These standards are summarised as follows:

GRAP 01	Presentation of financial statements
GRAP 02	Cash flow statements
GRAP 03	Accounting policies, changes in accounting estimates and errors
GAMAP 04	The effects of changes in foreign exchange rates
GAMAP 06	Consolidated financial statements and accounting for controlled entities
GAMAP 07	Accounting for investments in associates
GAMAP 08	Financial reporting of interests in joint ventures
GAMAP 09	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, plant and equipment
GAMAP 19	Provisions, contingent liabilities and contingent assets

With the exception of exemptions from, or in respect of, Section 122(2) and (3) of the Act as prescribed by the Minister of Finance in terms of:

- General Notice 522 of 2007, dated 26 June 2007 and issued in Government Gazette No 30013 of 29 June 2007.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Municipality may have transactions, events or balances that are outside the ambit of the accounting standards referred to above but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants - Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants Accounting Practices Committee. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

A summary of the significant accounting policies, which have been consistently applied are disclosed below.

2. PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

5. HOUSING DEVELOPMENT FUND

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing developments undertaken by Council were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing developments both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

6. RESERVES

6.1 *Capital Replacement Reserve (CRR)*

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of Council Resolution SPC1/2004-05-27. The cash in the designated CRR can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the Municipality's need to finance future capital projects that are included in the Integrated Development Plan. The balance in the CRR is invested until utilized.

6.2 *Capitalisation Reserve*

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The purpose of this Reserve is to promote equality by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the applicable funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from the Capitalisation Reserve is disposed of, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.3 *Government Grant Reserve*

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote equal utilization of the grant by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are spread over the useful economical life of the asset without prejudicing future consumers. The future depreciation expenses are offset by transfers from this reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment financed from government grants is disposed of, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.4 ***Donations and Public Contributions Reserve***

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from donations and public contributions is disposed of, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/(deficit).

6.5 ***Self-Insurance Reserve***

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that are not fully insured externally.

The contribution to the Self-Insurance Reserve will be based on estimated insurance risk earned by the municipality which will not be less than the percentage growth in the operating budget. The contribution towards the Reserve will be made in future from the operating account. The balance of the self-insurance fund will be invested in short-term cash investments, own claims will be settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

7. PROPERTY, PLANT AND EQUIPMENT

- 7.1 Property plant and equipment is stated at cost, less accumulated depreciation, except land and buildings, which are revalued as indicated below. Heritage assets, defined as culturally significant resources, and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment loss previously recognised as an expense.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement of an asset are met.

- 7.2 Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

	YEARS		YEARS		YEARS
Infrastructure		Community, Heritage and Investment Prop.		Other	
Roads,Pavements, Bridges and Stormwater	15-30	Establishment of Parks and Gardens	20	Motor Vehicles	3-7
Water Reservoirs and Reticulation	15-20	Sportfields	20	Plant and Equipment	2-15
Car Parks, Bus Terminals and Taxi Ranks	20	Community Halls	30	Office Equipment	3-7
Electricity Reticulation	20-30	Libraries / Clinics	30	Abattoirs	30
Sewerage Purification and Reticulation	15-20	Recreational Facilities	20	Markets	30
Housing	30	Museums / Art Galleries	30	Airports	20
Street Lighting	25	Other Community	30	Security Measures	3-5
Refuse Sites and Gas	15	Heritage Assets	0	Other Other	3-7
Other Infrastructure	15-30	Investment Properties	30	Land and Buildings	30

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The Municipality has an obligation to rehabilitate its landfill sites in terms of its licence stipulations. Provisions are made for this obligation in accordance with the Municipality's accounting policy on non-current provisions – See Accounting Policy 17 on Provisions.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

- 7.3 Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.
- 7.4 Major improvements to buildings, plant and equipment are capitalised. Maintenance and repairs are expensed when incurred.

8. FINANCIAL ASSETS

8.1 *Financial Instruments*

Financial instruments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2 *Financial Assets at Fair Value through Profit or Loss (FVTPL)*

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss credited or charged to the Statement of Financial Performance. The net gain or loss credited or charged to the Statement of Financial Performance incorporates any dividend or interest earned on the financial asset.

The fair value of financial assets at FVTPL is determined with reference to quoted market prices.

On disposal of financial assets at FVTPL, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

8.3 ***Held to maturity investments***

Debt securities that the Municipality has the expressed intention and ability to hold to maturity are recognised on a trade date basis and are initially measured at cost.

Subsequently, held-to-maturity debt securities are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

8.4 ***Available for sale investments***

Listed equities are stated at fair value. Fair value is determined with reference to quoted market prices. Gains and losses arising from changes in fair value, with the exception of impairment losses, are recognised directly in net assets in the investments revaluation reserve.

On disposal of available for sale investments or when such investments are determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is charged or credited to the Statement of Financial Performance.

Dividends on available for sale equity instruments are recognised in the surplus or deficit when the Municipality's right to receive payment is established.

8.5 ***Loans and receivables***

Loans and receivables are recognised on a transaction date basis and are initially measured at fair value.

Subsequently, loans and receivables are carried at amortised cost using the effective interest rate method, after taking into account accumulated impairment losses.

The impairment of loans and receivables is recognised by adjusting the carrying value through the use of a bad debt provision. Increases or decreases to the bad debt provision are recognised as a charge or credit in the Statement of Financial Performance.

9. **LEASES**

- 9.1 Leases are classified as finance leases where all the substantial risks and rewards associated with ownership of an asset are transferred to Council.
- 9.2 Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.
- 9.3 Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised.
- 9.4 The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

10. INVENTORIES

- 10.1 Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.
- 10.2 Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.
- 10.3 Redundant and slow-moving inventories are identified and written down with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

11. ACCOUNTS RECEIVABLE

- 11.1 Accounts receivable are carried at the accrued value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

12. TRADE CREDITORS

Trade Creditors are stated at their nominal value.

13. RETIREMENT BENEFITS

- 13.1 Council provides retirement benefits for its employees and councillors. Contributions to the defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment or served office entitling them to the contributions.
- 13.2 Councillors and employees as well as Council contribute to the following pension and provider funds, which provide retirement benefits to such Councillors and employees:
- Potchefstroom Municipal Retirement Fund
 - Municipal Employees Gratuity Fund
 - Pension Fund for Municipal Councillors
 - National Fund for Municipal Workers
 - SALA Pension Fund
 - SAMWU Provident Fund
 - Municipal Employees Pension Fund

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

Actuarial valuations are done as follows:

Potchefstroom Municipal Retirement Fund	Statutory actuarial valuation is done every 3 years, and an interim valuation yearly.
Municipal Employees Gratuity Fund	Actuarial valuation is done every 2 years
Pension Fund for Municipal Councillors	Actuarial valuation is done every 3 years
National Fund for Municipal Workers	Not required to do actuarial valuation
Municipal Employees Pension Fund	Actuarial valuation is done every 2 years
SAMWU Provident Fund	Not required to do actuarial valuation
SALA Pension Fund	Actuarial valuation is done every 3 years

14. REVENUE RECOGNITION

14.1 *Revenue from Exchange Transactions*

14.1.1 *Service Charges*

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognized as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by Council and are levied monthly.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

14.1.2 **Other**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements of finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

14.1.3 **Rendering of Services** (for example licence fees, permits, electricity, sewerage and water connections)

Revenue arising from the rendering of services and the application of the approved tariff of charges is recognised by reference to the percentage of completion as at the reporting date. Where the percentage of completion cannot be measured reliably, revenue from the rendering of services and the application of the approved tariff of charges is recognised in the year of receipt.

14.1.4 **Interest, rentals and dividends**

Interest and rentals are recognised on a time proportion basis.

Royalty revenue that is earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised by reference to the underlying agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

14.1.5 **Other grants and donations**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

14.2 Revenue from non-exchange transactions

14.2.1 *Rates (including collection charges and penalty interest)*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

14.2.2 *Fines*

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

14.2.3 *Other*

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into operation.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

15. BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

16. SEGMENTAL INFORMATION

Segmental information on Property, Plant and Equipment as well as income and expenditure is set out in Appendixes C and D based on the international Government Financial Statistics classifications (or alternatively based on the municipality's organisational structure) and the budget formats prescribed by National Treasury. Council operates solely in its area of jurisdiction as determined by the Demarcation Board.

17. PROVISIONS

- 17.1 Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate. Non- current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

18. CASH AND CASH EQUIVALENTS

- 18.1 Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.
- 18.2 For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.
- 18.3 Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred.

19. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act no 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

20. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

TLOKWE CITY COUNCIL

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

22. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

23. COMPARATIVE INFORMATION

23.1 *Current year comparatives*

Budgeted amounts have been included in the annual financial statements for the current financial year only.

23.2 *Prior year comparatives*

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

TLOKWE CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2008

	<u>NOTE</u>	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
NET ASSETS AND LIABILITIES			
Net Assets		405 590 723	303 502 200
Housing Development Fund	1	9 160 445	9 906 473
Capital Replacement Reserve	2	23 014 313	27 777 668
Capitalisation Reserve	2	143 680 842	30 850 618
Government Grant Reserve	2	96 283 025	35 038 486
Donations and Public Contributions Reserve	2	2 321 973	533 000
Self-insurance Reserve		3 887 527	3 688 498
Accumulated Surplus	4	127 242 598	195 707 457
Non- Current Liabilities		25 964 848	20 617 643
Long-term liabilities	3	23 078 395	17 923 239
Provisions	4	2 886 453	2 694 404
Current Liabilities		82 458 869	74 626 550
Consumer deposits	5	8 703 246	8 016 562
Provisions	6	-	-
Creditors	7	32 398 484	23 394 717
Unspent conditional grants and receipts	8	23 434 039	35 419 750
VAT	10	-	-
Current portion of long-term liabilities	3	17 923 100	7 795 521
Total Net Assets and Liabilities		514 014 440	398 746 393
ASSETS			
Non- Current Assets		336 201 392	257 588 875
Property, plant and equipment	9	295 283 005	218 642 853
Long-term investments	11	34 750 833	32 006 962
Long-term receivables	12	6 167 554	6 939 060
Current Assets		177 813 048	141 157 518
Inventory	13	13 965 088	4 968 702
Consumer debtors	14	77 160 947	54 895 450
Short-term investments	11	59 509 613	54 498 349
Other debtors	15	3 356 546	3 005 296
Current portion of long-term receivables	12	386 495	309 801
Bank balances and cash	16	23 434 359	23 479 920
Total Assets		514 014 440	398 746 393

TLOKWE CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

<u>BUDGET</u> <u>2007</u> R	<u>BUDGET</u> <u>2008</u> R	<u>REVENUE</u>	<u>Note</u>	<u>ACTUAL</u> <u>2008</u> R	<u>ACTUAL</u> <u>2007</u> R
55 983 689	66 114 125	Property rates	17	65 817 482	59 124 287
241 967 666	253 360 795	Service charges	18	248 656 235	235 170 814
4 073 270	5 010 901	Rental of facilities and equipment		5 004 889	4 269 947
-	-	Net gain on sale of shares		-	-
3 500 000	8 339 435	Interest earned - external investments	37	13 907 021	10 924 372
6 000 000	12 588 000	Interest earned - outstanding debtors		14 526 636	9 775 284
12 000 000	6 200 000	Fines		4 185 993	10 430 104
5 108 240	5 016 910	Licenses and permits		6 943 455	5 782 840
35 638 514	36 002 500	Government grants and subsidies	19	68 651 318	33 025 739
3 469 034	8 364 129	Other income	20	5 030 860	4 757 440
-	-	Public Contributions, Donated Property, Plant and Equipment		-	-
-	-	Gains on Disposal of Property, Plant and Equipment		-	-
367 740 413	400 996 795	Total Revenue		432 723 889	373 260 827
		<u>EXPENDITURE</u>			
130 568 600	134 946 775	Employee related costs	21	125 112 325	122 732 678
9 181 627	8 655 892	Remuneration of councillors	22	9 435 800	10 238 238
-	2 000 000	Bad debts		2 000 000	-
-	-	Collection costs		-	-
19 191 650	21 441 267	Depreciation		20 750 752	19 457 476
24 534 949	29 657 161	Repairs and maintenance		28 753 174	20 073 062
12 094 467	3 190 000	Interest paid	23	3 190 027	12 172 071
99 454 933	104 575 549	Bulk purchases	24	86 767 904	94 182 748
-	1 396 577	Contracted services		1 705 889	-
21 168 688	14 571 645	Grants and subsidies paid	25	14 729 198	18 662 750
14 923 947	68 869 655	General expenses		69 604 978	40 975 549
36 603 301	11 707 447	Contributions to / (transfers from) provisions		11 707 447	17 487 618
-	-	Loss on disposal of property, plant and equipment		-	-
-	-	Loss on disposal of investments		-	-
367 722 162	401 011 968	Total Expenditure		373 757 494	355 982 190
		SURPLUS / (DEFICIT) FOR THE YEAR		58 966 395	17 278 637
		Refer to Appendix E (1) for the comparison with the approved budget			

TLOKWE CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Housing Development Fund</u>	<u>Capital Replacement Reserve</u>	<u>Capitalisation Reserve</u>	<u>Government Grant Reserve</u>	<u>Donations and Public Contribution Reserve</u>	<u>Self-Insurance Reserve</u>	<u>Revaluation Reserve</u>	<u>Accumulated Surplus</u>	<u>Total</u>
	R	R	R	R	R	R	R	R	R
2007									
Balance at 1 July 2006	10 262 564	9 309 776	24 994 398	27 630 448	533 000	-	-	168 632 859	241 363 045
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Correction of error	-	-	-	-	-	-	-	-	-
Restated Balance	10 262 564	9 309 776	24 994 398	27 630 448	533 000	-	-	168 632 859	241 363 045
Surplus for the year	-	-	-	-	-	-	-	17 278 637	17 278 637
Transfer to CRR	-	33 853 958	-	-	-	-	-	-	33 853 958
Property, plant and equipment purchased	-	(15 386 066)	15 366 702	-	-	-	-	-	(19 364)
Interest received	28 140	-	-	-	-	-	-	-	28 140
Capital grants used to purchase PPE	-	-	-	10 727 602	-	-	-	-	10 727 602
Donated / contributed PPE	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve	-	-	-	-	-	3 688 498	-	(3 688 498)	-
Insurance claims processed	-	-	-	-	-	-	-	-	-
Transfer to Housing Development Fund	(384 231)	-	-	-	-	-	-	-	(384 231)
Contribution to Provision for Bad Debts	-	-	-	-	-	-	-	-	-
Previous year payments	-	-	-	-	-	-	-	654 413	654 413
Asset disposals	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(9 510 482)	(3 319 564)	-	-	-	12 830 046	-
Balance at 30 June 2007	9 906 473	27 777 668	30 850 618	35 038 486	533 000	3 688 498	-	195 707 457	303 502 200
2008									
Balance at 1 July 2007	9 906 473	27 777 668	30 850 618	35 038 486	533 000	3 688 498	-	195 707 457	303 502 200
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Correction of error	-	-	92 013 908	26 553 619	2 025 386	-	-	(120 592 913)	-
Restated Balance	9 906 473	27 777 668	122 864 526	61 592 105	2 558 386	3 688 498	-	75 114 544	303 502 200
Surplus for the year	-	-	-	-	-	-	-	58 966 395	58 966 395
Transfer to CRR	-	29 349 461	-	-	-	-	-	-	29 349 461
Property, plant and equipment purchased	-	(34 112 816)	34 112 816	-	-	-	-	-	-
Interest received	21 536	-	-	-	-	-	-	-	21 536
Capital grants used to purchase PPE	-	-	-	38 157 417	-	-	-	-	38 157 417
Donated / contributed PPE	-	-	-	-	-	-	-	-	-
Contribution to Insurance Reserve	-	-	-	-	-	239 310	-	(239 310)	-
Insurance claims processed	-	-	-	-	-	(40 281)	-	40 281	-
Transfer to Housing Development Fund	(767 564)	-	-	-	-	-	-	-	(767 564)
Contribution to Provision for Bad Debts	-	-	-	-	-	-	-	-	-
Previous year payments	-	-	-	-	-	-	-	(6 639 312)	(6 639 312)
Asset disposals	-	-	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(13 296 500)	(3 466 497)	(236 413)	-	-	-	(16 999 410)
Balance at 30 June 2008	9 160 445	23 014 313	143 680 842	96 283 025	2 321 973	3 887 527	-	127 242 598	405 590 723

TLOKWE CITY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	<u>NOTE</u>	<u>2008</u> R	<u>2007</u> R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1 011 608 619	406 221 435
Cash paid to suppliers and employees		1 012 701 448	415 548 140
Cash generated from / (utilised in) operations	27	(1 092 829)	(9 326 705)
Interest received		28 466 990	20 699 656
Dividends received		-	-
Interest paid		(3 190 027)	(12 172 071)
NET CASH FROM OPERATING ACTIVITIES		24 184 134	(799 120)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(72 270 233)	(26 113 668)
Proceeds on disposal of property, plant and equipment		-	-
(Increase) / decrease in non-current receivables		771 506	1 606 754
(Increase) / decrease in non-current investments		(2 743 871)	(2 917 922)
NET CASH FROM INVESTING ACTIVITIES		(74 242 598)	(27 424 836)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised / (repaid)		(7 795 660)	(15 754 730)
Increase / (decrease) in consumer deposits		686 684	692 838
State Funding		68 651 318	33 025 739
Accumulated Surplus		(30 156 034)	(29 294 607)
Contribution to reserves		11 707 447	31 732 149
Assets		-	(2 215 455)
Reserves		6 919 148	8 910 527
NET CASH FROM FINANCING ACTIVITIES		50 012 903	27 096 461
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(45 561)	(1 127 495)
Cash and cash equivalents at the beginning of year		23 479 920	24 607 415
Cash and cash equivalents at the end of year	26	23 434 359	23 479 920

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
1 HOUSING DEVELOPMENT FUND		
Housing Development Fund	9 160 445	9 906 473
Accumulated Surplus	9 160 445	9 906 473
Loans extinguished by Government on 1 April 1998	-	-
The Housing Development Fund is represented by the following assets and liabilities :		
Property, plant and equipment (see note 9)	1 152 635	1 199 750
Instalment Sales Debtors	5 133 621	4 775 768
Other Debtors	2 874 189	3 930 955
Current portion of long-term debtors	-	-
Cash and cash equivalents	-	-
<i>Sub-total</i>	9 160 445	9 906 473
Long-term liabilities	-	-
Creditors	-	-
Bank overdraft	-	-
Total Housing Development Fund Assets and Liabilities	9 160 445	9 906 473
2 RESERVES		
Capitalisation Reserve	143 680 842	30 850 618
Government Grant Reserve	96 283 025	35 038 486
Donations and Public Contributions Reserve	2 321 973	533 000
Capital Replacement Reserve	23 014 313	27 777 668
	265 300 153	94 199 772
	<u>2008</u> R	<u>2007</u> R
3 LONG -TERM LIABILITIES		
Local Registered Stock Loans	8 500 000	8 500 000
Annuity Loans	32 501 495	17 218 760
<i>Sub-total</i>	41 001 495	25 718 760
Less: Current portion transferred to current liabilities:	17 923 100	7 795 521
Government Loans	-	-
Local Registered Stock Loans	8 500 000	-
Annuity Loans	9 423 100	7 795 521
Total External Loans	23 078 395	17 923 239
Refer to Appendix A for more details regarding long-term liabilities.		
Local registered stock carries interest at a rate which variant between 16.95% and 17.9% per year and is repayable over periods of 20 years.		
Annuity loans bear interest that variant between 12.47% and 12.66% per year and is repayable over periods of 6 years.		
Provision is made in the due dates of investments to be paid when loans are due to be redeemed.		
The loans transferred from the Dr Kenneth Kaunda District Municipality bear interest between 15.25% and 15.45% per year and is repayable over periods of 20 years.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
4 PROVISIONS		
Provision for Disaster Fund	392 049	200 000
Provision for Rehabilitation of Refuse Landfill site	2 494 404	2 494 404
Total Provisions	2 886 453	2 694 404
In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs to restore the site at the end of its useful life.		
Accumulated Surplus		
Parking Meters	-	-
Accumulated surplus	127 242 598	195 707 457
Total Non- Current Provisions	127 242 598	195 707 457
	<u>Disaster Fund</u>	<u>Landfill Site</u>
The movement in the provisions are reconciled as follows: -		
30 June 2008		
Balance at beginning of year	200 000	2 494 404
Contributions to provision	220 000	-
Interest on investments	-	-
Expenditure incurred	(27 951)	-
Other Income	-	-
Transfer to current provisions	-	-
Balance at end of year	392 049	2 494 404
	<u>Disaster Fund</u>	<u>Landfill Site</u>
30 June 2007		
Balance at beginning of year	-	-
Contributions to provision	200 000	2 494 404
Interest on investments	-	-
Expenditure incurred	-	-
Other Income	-	-
Transfer to current provisions	-	-
Balance at end of year	200 000	2 494 404
	<u>2008</u> R	<u>2007</u> R
5 CONSUMER DEPOSITS		
Electricity and Water	8 703 246	8 016 562
Accrued Interest	-	-
Total Consumer Deposits	8 703 246	8 016 562
Guarantees held in lieu of Electricity and Water Deposits	2 829 900	2 845 406

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
6 CURRENT PROVISIONS		
Provision for Disaster Fund	-	-
Provision for Rehabilitation of Refuse Landfill Site	-	-
Total Current Provisions	<u>-</u>	<u>-</u>
7 CREDITORS		
Trade Creditors	7 778 464	7 305 938
Payments Received in Advance i.r.o Service Debtors	5 517 540	5 771 132
Deposits : Other	321 230	261 353
Suspense : Other	11 056 564	3 370 180
Leave Provision	7 724 686	6 686 114
Total Creditors	<u>32 398 484</u>	<u>23 394 717</u>
8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government	22 285 136	31 597 172
Equitable Share	3 820 070	11 194 233
Provincial LED Projects	289 028	268 758
Provincial Library Grant	3 740 882	1 748 692
Municipal Infrastructure Grants	2 964 510	12 123 601
SETA Grant	367 804	140 231
LED Promoting Culture Grant	4 634	21 934
LED Grants	629 738	679 961
Fire and Emergency Grant	1 610 800	1 610 800
Health Grant	1 583 618	1 749 829
Grant IMMIS Project	66 160	130 000
Land Use Management Grant	181 183	429 133
Southern District Clean up Campaign	4 438 676	-
Southern District Project	-	500 000
Public Transport Infrastructure Grant	447 127	1 000 000
Mohadin Library Extension	390 288	-
NER Grants	1 095 492	-
Economic Growth	174 500	-
City Branding	480 626	-
Other Conditional Receipts	1 148 903	3 822 578
Developers Contributions - Electricity	-	2 322 956
Public Contributions	-	-
Lotto: Sport Facilities	1 148 903	1 499 622
Total Conditional Grants and Receipts	<u>23 434 039</u>	<u>35 419 750</u>
See Note 19 for reconciliation of grants received from National / Provincial Government and from Dr Kenneth Kaunda District Municipality. These amounts are invested until utilized.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value

Carrying values at 1 July 2007

Cost
Correction of error (note 31)
Revaluation
Accumulated depreciation
- Cost
- Revaluation
Acquisitions
Capital under Construction
Increase / decrease in revaluation
Depreciation
- based on cost
- based on revaluation

Carrying value of disposals
Cost / evaluation
Accumulated depreciation
Impairment losses
Other movements

Carrying values at 30 June 2008

Cost
Revaluation
Accumulated depreciation
- Cost
- Revaluation

<u>Land and Buildings</u>	<u>Infrastructure</u>	<u>Community</u>	<u>Heritage</u>	<u>Other</u>	<u>Housing Development Fund</u>	<u>Leased Infrastructure</u>	<u>Total</u>
R	R	R	R	R	R	R	R
-	145 429 045	17 613 703	-	54 400 355	1 199 750	-	218 642 853
-	206 737 778	24 338 071	-	109 654 825	1 413 963	-	342 144 637
-	-	-	-	-	-	-	-
-	(36 188 062)	(6 724 368)	-	(55 254 470)	(214 213)	-	(98 381 113)
-	(61 308 733)	(6 724 368)	-	(55 254 470)	(214 213)	-	(123 501 784)
-	25 120 671	-	-	-	-	-	-
-	60 984 604	448 190	-	10 837 439	-	-	72 270 233
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(10 163 920)	(1 124 040)	-	(9 415 677)	(47 115)	-	(20 750 752)
-	(10 163 920)	(1 124 040)	-	(9 415 677)	(47 115)	-	(20 750 752)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	25 120 671	-	-	-	-	-	25 120 671
-	221 370 400	16 937 853	-	55 822 117	1 152 635	-	295 283 005
-	267 722 382	24 786 261	-	120 492 264	1 413 963	-	414 414 870
-	(46 351 982)	(7 848 408)	-	(64 670 147)	(261 328)	-	(119 131 865)
-	(46 351 982)	(7 848 408)	-	(64 670 147)	(261 328)	-	(119 131 865)
-	-	-	-	-	-	-	-

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value

Carrying values at 1 July 2006

Cost
Correction of error (note 31)
Revaluation
Accumulated depreciation
- Cost
- Revaluation

Acquisitions
Capital under Construction
Increase / decrease in revaluation
Depreciation
- based on cost
- based on revaluation

Carrying value of disposals
Cost / evaluation
Accumulated depreciation
Impairment losses
Other movements

Carrying values at 30 June 2007

Cost
Revaluation
Accumulated depreciation
- Cost
- Revaluation

<u>Land and Buildings</u>	<u>Infrastructure</u>	<u>Community</u>	<u>Heritage</u>	<u>Other</u>	<u>Housing Development Fund</u>	<u>Leased Infrastructure</u>	<u>Total</u>
R	R	R	R	R	R	R	R
-	140 481 401	18 168 828	-	60 961 448	1 246 865	-	220 858 542
-	192 005 119	23 865 270	-	107 247 033	1 413 963	-	324 531 385
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(51 523 718)	(5 696 442)	-	(46 285 585)	(167 098)	-	(103 672 843)
-	(51 523 718)	(5 696 442)	-	(46 285 307)	(167 098)	-	(103 672 565)
-	-	-	-	-	-	-	-
-	23 233 075	472 801	-	2 407 792	-	-	26 113 668
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(9 785 015)	(1 027 926)	-	(8 968 885)	(47 115)	-	(19 828 941)
-	(9 785 015)	(1 027 926)	-	(8 968 885)	(47 115)	-	(19 828 941)
-	-	-	-	-	-	-	-
-	8 500 416	-	-	-	-	-	8 500 416
-	8 500 416	-	-	-	-	-	8 500 416
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	145 429 045	17 613 703	-	54 400 355	1 199 750	-	218 642 853
-	206 737 778	24 338 071	-	109 654 825	1 413 963	-	342 144 637
-	(61 308 733)	(6 724 368)	-	(55 254 470)	(214 213)	-	(123 501 784)
-	(61 308 733)	(6 724 368)	-	(55 254 470)	(214 213)	-	(123 501 784)
-	-	-	-	-	-	-	-

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

10 VAT

From 1 May 2006 onwards VAT is payable on the receipts basis.
Only once payment is received from debtors is VAT paid over to SARS.

In July 2006 an amount of R 25,108,191 was received from SARS for overpayment of VAT for the previous three years. An amount of R 7,236,115.72 was paid to MAXPROF as commission earned on the VAT repayment.

	<u>2008</u> R	<u>2007</u> R
11 FINANCIAL INSTRUMENTS- INVESTMENTS		
Listed investments		
Sanlam	1 693 322	2 209 514
Sanlam Shares EGV	-	19 276
Total listed	1 693 322	2 228 790
Listed investments are valued at the closing prices of the Johannesburg Stock Exchange on 30 June 2008		
Unlisted investments	-	-
Total unlisted	-	-
Unlisted investments are valued at net reliable value.		
Financial instruments		
Long-term investments	34 750 833	32 006 962
Short-term investments	57 816 291	52 269 559
Total Cash Investments	92 567 124	84 276 521
Total Investments	94 260 446	86 505 311
Long-term investments	34 750 833	32 006 962
Financial instruments	57 816 291	52 269 559
Listed investments	1 693 322	2 228 790
Short-term investments	59 509 613	54 498 349
Total Investments	94 260 446	86 505 311
Market value of listed investments	<u>No. of shares</u>	
Sanlam	99 037	1 693 322
Sanlam Shares EGV	864	-
Total listed	99 901	1 693 322
Average rate of return on investments	11.06%	8.95%

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
12 LONG-TERM RECEIVABLES		
Housing loans	79 524	76 440
Vehicle loans	115 315	534 312
Sports club loans	3 584	11 302
Property loans	6 355 626	6 626 807
	6 554 049	7 248 861
Less: Current portion transferred to current receivable:	386 495	309 801
Housing loans	-	-
Vehicle loans	115 315	309 801
Sports club loans	-	-
Property loans	271 180	-
Total Long-term Receivables	6 167 554	6 939 060
 HOUSING LOANS		
Loans were granted for purchase of erven and houses in Promosa and Mohadin until 30 June 2004.		
 VEHICLE LOANS		
Council does not grant any new vehicle loans as it is prohibited by the MFMA. Vehicle loans were granted to qualifying personnel until 30 June 2004. Interest is charged at 8% or 11% over a maximum period of six years.		
 SPORTS CLUB LOANS		
A loan to the amount of R 3 583.98 is outstanding for the hockey field development.		
 PROPERTY LOANS		
Loans were granted to the buyers of erven in Promosa, Mohadin, Dassierand and Ikageng townships .		
 13 INVENTORY		
Consumable stores - at cost	13 965 088	4 968 702
Land/ property held for resale	-	-
Less: Provision for obsolescence	-	-
Total Inventory	13 965 088	4 968 702
Inventory is net of specific provisions for obsolescence.		
88 730 kiloliter water was in the reservoirs on 30 June 2008. The value of the water is not included in the inventory.		
No provision was made for old or obsolete stock in the 2006/2007 and 2007/2008 financial years.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	R	R
14 CONSUMER DEBTORS		
Service debtors	69 636 805	58 185 200
Rates	23 304 104	18 221 332
Electricity	18 317 445	15 233 796
Refuse Removal	6 426 083	5 540 741
Water	14 213 933	12 404 201
Sewerage	7 375 240	6 785 130
Interest	37 196 594	24 355 704
VAT	8 415 191	7 570 723
Other	5 410 848	4 894 982
Legal Fees	999 843	1 062 086
Ambulance	9 873	10 193
Rental	686 940	598 035
Arrangements	13 019 760	14 444 944
Total Debtors	135 375 854	111 121 867
Less: Provision for bad debts	(58 214 907)	(56 226 417)
Net Balance	77 160 947	54 895 450
<u>Rates : Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	4 574 076	4 288 528
61 - 90 Days	1 010 912	818 952
91 + Days	21 617 057	13 114 139
Total	27 202 045	18 221 619
<u>Electricity, Water and Sewerage : Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	20 037 967	16 163 816
61 - 90 Days	1 647 475	2 237 724
91 + Days	18 220 886	16 022 665
Total	39 906 328	34 424 205
<u>Housing Rentals: Ageing</u>		
Current (0 - 30 days)	-	-
31 - 60 Days	30 706	31 272
61 - 90 Days	11 081	10 691
91 + Days	645 153	559 721
Total	686 940	601 684
<u>Summary of Debtors by Customer Classification</u>		
30 June 2008	R	R
Current (0 - 30 days)	-	-
31 - 60 Days	20 817 084	5 973 918
61 - 90 Days	4 640 063	538 535
91 - 120 Days	3 821 819	328 685
121 - 365 Days	3 322 050	280 984
+ 365 Days	76 824 869	3 748 148
Sub-Total	109 425 885	10 870 270
Less : Provision for bad debts	(50 440 794)	(5 010 367)
Total debtors by customer classification	159 866 679	5 859 903
	3 132 136	

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

Summary of Debtors by Customer

Classification

30 June 2007

	Consumers	Industrial / Commercial	National and Provincial Gov
	R	R	R
Current (0 - 30 days)	-	-	-
31 - 60 Days	16 148 761	4 714 186	4 695 814
61 - 90 Days	3 832 214	349 181	1 374 933
91 - 120 Days	3 048 947	227 445	293 591
121 - 365 Days	2 737 277	179 746	273 710
+ 365 Days	57 696 341	2 883 595	1 660 491
Sub-Total	83 463 540	8 354 153	8 298 539
Less : Provision for bad debts	46 874 075	4 691 788	4 660 554
Total debtors by customer classification	36 589 465	13 045 941	12 959 093

In the debtors amount per customer classification the property loans, housing loans and even, are included but the current account and the arrangements are excluded.

	2008 R	2007 R
Provision for Bad Debts		
Contribution to the bad debt provision	2 002 669	2 090 325
Bad debts written off	(14 179)	(1 950 471)
Total contribution to bad debts	1 988 490	139 854

Reconciliation of the Bad Debt Provision

Balance unspent at beginning of year	56 226 417	56 086 563
Current year provision	2 002 669	2 090 325
Bad debts written off	(14 179)	(1 950 471)
Balance at end of the year	58 214 907	56 226 417

15 OTHER DEBTORS

Payments made in advance	-	-
Recovery of unauthorised , irregular, fruitless or wasteful expenditure (Note 29)	-	-
VAT Service Debtors	-	-
Medical Scheme subsidies and Insurance	-	-
Government subsidies	-	2 847 078
Other debtors	3 356 546	158 218
Total Other Debtors	3 356 546	3 005 296

16 BANK, CASH AND OVERDRAFT BALANCES

The Municipality has the following bank accounts :-

Current Account (Primary Bank Account)

ABSA Bank Limited- Potchefstroom Branch
Account Number - 680000093

Cash book balance at beginning of year	7 806 527	24 607 415
Cash book balance at end of year	6 713 698	7 806 527

Bank statement balance at beginning of year	34 387 940	43 714 614
Bank statement balance at end of year	54 650 165	34 387 940

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
<u>Current Account (Housing)</u>		
First National Bank Limited- Potchefstroom Branch Account Number - 53500022454		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year		6 126
Bank statement balance at end of year	-	-
<u>Current Account (Housing Account)</u>		
ABSA Bank Limited- Potchefstroom Branch Account Number - 40-5558-4178		
Cash book balance at beginning of year	7 500 623	6 990 440
Cash book balance at end of year	8 152 409	7 500 623
Bank statement balance at beginning of year	7 500 623	6 990 440
Bank statement balance at end of year	8 152 409	7 500 623
<u>Current Account (Council Grant Funds)</u>		
ABSA Bank Limited- Potchefstroom Branch Account Number - 40-5558-3287		
Cash book balance at beginning of year	7 792 618	7 304 580
Cash book balance at end of year	8 529 268	7 792 618
Bank statement balance at beginning of year	7 792 618	7 304 580
Bank statement balance at end of year	8 529 268	7 792 618

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
17 <u>PROPERTY RATES</u>		
Actual		
Residential	33 090 954	29 554 254
Commercial	15 920 278	13 553 632
State	3 932 920	94 258
Municipal	100 457	3 709 583
Other	12 772 873	12 212 560
Total Assessment Rates	65 817 482	59 124 287
 <u>Valuations</u>	 Site Valuation As At 1/7/2008	 Site Valuation As At 1/7/2007
Residential	396 541 610	383 011 310
Commercial	118 813 600	110 491 300
State	35 059 500	35 059 500
Municipal	902 600	878 400
Other	110 731 450	109 619 700
Total Property Valuations	662 048 760	639 060 210
- Detail on the assessment rates as at 30/06/2008 - Valuation on land is performed every five years. - Last valuation came into effect on 1 January 2001. - The basic rate was 13.78c in the Rand on land value only. - A rebate of 40% was granted to residential erven. A further rebate of 10% was granted to the residential erven in Ikageng which will be phased out by reducing the rebate by 5% per annum or until the backlog in Ikageng is recovered. - A rebate of 15% was granted to industrial erven and a rebate of 20% was granted to government and semi - government institutions. A grant - in -aid is granted to welfare institutions erven.		
	<u>2008</u> R	<u>2007</u> R
18 <u>SERVICE CHARGES</u>		
Sale of electricity	161 233 756	145 373 685
Sale of water	47 452 902	53 113 358
Refuse removal	13 154 695	12 039 198
Sewerage and sanitation charges	26 814 882	24 644 574
Total Service Charges	248 656 235	235 170 815
 19 <u>GOVERNMENT GRANTS AND SUBSIDIES RECEIVED</u>		
Equitable share	34 002 508	28 195 860
MIG and NER Grants	28 810 361	-
Fire and Emergency Grant	-	1 881 719
Health Grant	3 838 449	2 448 160
Municipal Finance Grant	2 000 000	500 000
Total Government Grants and Subsidies	68 651 318	33 025 739
 19.1 Land Use Management Grant		
Balance unspent at beginning of year	429 133	337 233
Current year receipts	-	166 000
Conditions met- transferred to revenue	(247 950)	(74 100)
Conditions still to be met - transferred to liabilities (see note 8)	181 183	429 133
The Land Use Management Grant was received to develop the Land Use Management Scheme and the Spatial Development Plan. The conditions of the grant have been met. There was no delay or withholding of the grant.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
19.2 Provincial LED Projects		
Balance unspent at beginning of year	268 758	326 343
Current year receipts	261 710	66 333
Conditions met- transferred to revenue	(241 440)	(123 918)
Conditions still to be met - transferred to liabilities (see note 8)	<u>289 028</u>	<u>268 758</u>
Provincial LED Projects grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. Other than the unspent amount, the conditions of the grant have been met. No funds have been withheld.		
19.3 Municipal Finance Grant		
Balance unspent at beginning of year	-	-
Current year receipts	2 000 000	500 000
Conditions met- transferred to revenue	(2 000 000)	(500 000)
Conditions still to be met - transferred to liabilities (see note 8)	<u>-</u>	<u>-</u>
The grant was used to upgrade the financial management system of Council. The grant was spent in accordance with a business plan approved by National Treasury.		
19.4 Lotto : Sport Facilities		
Balance unspent at beginning of year	1 499 622	1 519 622
Current year receipts	-	-
Conditions met- transferred to revenue	(350 719)	(20 000)
Conditions still to be met - transferred to liabilities (see note 8)	<u>1 148 903</u>	<u>1 499 622</u>
The grant was received to upgrade the Mohadin, Ikageng, and Promosa stadiums as well as the Tshwaraganang Disabled Centre.		
19.5 Southern District Project		
Balance unspent at beginning of year	500 000	-
Current year receipts	97 264	500 000
Conditions met- transferred to revenue	(597 264)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>-</u>	<u>500 000</u>
This grant was received for the "R1 in a dustbin" project.		
19.6 Provincial Library Grant		
Balance unspent at beginning of year	1 748 692	-
Current year receipts	2 392 742	1 748 692
Conditions met- transferred to revenue	(400 552)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>3 740 882</u>	<u>1 748 692</u>
This grant was received to upgrade the Promosa and Mohadin libraries as well as to build a new library in Ikageng.		
19.7 Public Transport Infrastructure		
Balance unspent at beginning of year	1 000 000	-
Current year receipts	-	1 000 000
Conditions met- transferred to revenue	(552 873)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>447 127</u>	<u>1 000 000</u>
This grant was received for the development of the Public Transport Plan.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
19.8 Equitable Share		
Balance unspent at beginning of year	11 194 233	11 201 861
Current year receipts	999 925	1 953 583
Conditions met- transferred to revenue	(8 374 088)	(1 961 211)
Conditions still to be met - transferred to liabilities (see note 8)	<u>3 820 070</u>	<u>11 194 233</u>
In terms of the Constitution , the grant is used to subsidise the provision of basic services to indigent community members. These funds were used to procure prepaid electricity meters for the indigents.		
19.9 IMMIS Project		
Balance unspent at beginning of year	130 000	130 000
Current year receipts	-	-
Conditions met- transferred to revenue	(63 840)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>66 160</u>	<u>130 000</u>
The grant was received to transform the Council management system.		
19.10 MIG and NER Grants		
Balance unspent at beginning of year	12 123 601	8 253 480
Current year receipts	31 677 602	20 817 737
Conditions met- transferred to revenue	(40 836 693)	(16 947 616)
Conditions still to be met - transferred to liabilities (see note 8)	<u>2 964 510</u>	<u>12 123 601</u>
The MIG grants were used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas (included in the roads and infrastructure votes in Appendix B) . No funds were withheld.		
National Electricity Regulator grants are used to supply electricity to consumers. The grant is spent in accordance with a business plan approved by the N.E.R. No funds were withheld.		
19.11 Health Grant		
Balance unspent at beginning of year	1 749 829	3 639 635
Current year receipts	3 193	1 054 401
Conditions met- transferred to revenue	(169 404)	(2 944 207)
Conditions still to be met - transferred to liabilities (see note 8)	<u>1 583 618</u>	<u>1 749 829</u>
The grant was received for the ICLEI - environmental projects of Council.		
19.12 Fire and Emergency Grant		
Balance unspent at beginning of year	1 610 800	300 000
Current year receipts	-	1 640 000
Conditions met- transferred to revenue	-	(329 200)
Conditions still to be met - transferred to liabilities (see note 8)	<u>1 610 800</u>	<u>1 610 800</u>
The grant was used for the re-building of a fire engine as well as for the purchase of vehicles for the Fire Services section.		
19.13 LED Promoting Culture Grant		
Balance unspent at beginning of year	21 934	23 334
Current year receipts	-	-
Conditions met- transferred to revenue	(17 300)	(1 400)
Conditions still to be met - transferred to liabilities (see note 8)	<u>4 634</u>	<u>21 934</u>
The grant was received for the development of culture.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
19.14 LED Grants		
Balance unspent at beginning of year	679 961	-
Current year receipts	-	750 000
Conditions met- transferred to revenue	(50 223)	(70 039)
Conditions still to be met - transferred to liabilities (see note 8)	<u>629 738</u>	<u>679 961</u>
Grants were received for the Township tour/ Jazz Festival and for education and exhibits .		
19.15 SETA Grant		
Balance unspent at beginning of year	140 231	1 405 495
Current year receipts	1 088 900	1 489 797
Conditions met- transferred to revenue	(861 327)	(2 755 061)
Conditions still to be met - transferred to liabilities (see note 8)	<u>367 804</u>	<u>140 231</u>
The grant was used for the training of personnel of the Tlokwe City Council.		
19.16 Southern District Clean-up campaign Grant		
Balance unspent at beginning of year	-	-
Current year receipts	5 000 115	-
Conditions met- transferred to revenue	(561 439)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>4 438 676</u>	-
A grant was received as part of the Southern District Clean-up campaign.		
19.17 City Branding Grant		
Balance unspent at beginning of year	-	-
Current year receipts	500 000	-
Conditions met- transferred to revenue	(19 374)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>480 626</u>	-
The grant was received for the City Branding project.		
19.18 Economic Growth and Development Strategy Grant		
Balance unspent at beginning of year	-	-
Current year receipts	260 000	-
Conditions met- transferred to revenue	(85 500)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>174 500</u>	-
The grant was received to develop an Economic Growth and Development Strategy for the Tlokwe City Council.		
19.19 NER Grant		
Balance unspent at beginning of year	-	-
Current year receipts	11 054 386	-
Conditions met- transferred to revenue	(9 958 894)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>1 095 492</u>	-
The grant was received from Department Mineral and Energy Affairs to develop the electricity distribution system.		
19.20 Mohadin Library Extension Grant		
Balance unspent at beginning of year	-	-
Current year receipts	400 900	-
Conditions met- transferred to revenue	(10 612)	-
Conditions still to be met - transferred to liabilities (see note 8)	<u>390 288</u>	-
The grant was received to extent the Mohadin Library.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
19.21 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act , (Act 1 of 2007), no significant changes in the level of government grant funding are expected over the forthcoming three (3) financial years.		
20 OTHER INCOME		
Other income		
Sundries levies	331 235	307 019
Training Fees - Training Centre of Fire Services	224 806	321 920
Reconnecting fees	456 721	477 762
Building plans	948 574	1 115 655
MIG project management unit	-	300 000
Grave fees	691 337	357 879
"R1 in a Dustbin" project	260 757	500 000
Other non material income	2 117 430	3 599 561
Total Other Income	5 030 860	4 757 440
21 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Allowances	80 282 841	82 427 662
Employee related costs - Contributions for UIF, pensions, medical aid and group insurance	26 262 629	25 505 553
Travel, motor car, accomodation, subsistence and other allowances	5 124 707	5 627 548
Housing benefits and allowances	2 147 507	3 204 686
Overtime and Standby payments	7 415 024	5 752 702
Performance bonus	6 244 326	214 527
Job creation	-	-
Less : Employee costs included in other expenses	(2 364 709)	-
Total Employee Related Costs	125 112 325	122 732 678
There were no advances to employees. Loans to employees are set out in note 12.		
Remuneration of the Municipal Manager		
Annual Remuneration (2006/08- 2007/06)	332 679	283 978
Performance Bonus	-	-
Car Allowance	252 163	215 249
Housing Allowance	111 088	99 126
Contributions to UIF, Medical and Pension Funds	103 175	83 771
Total	799 105	682 124
Remuneration of the Deputy Municipal Manager		
Annual Remuneration	275 640	256 446
Performance Bonus	12 440	28 931
Housing Allowance	191 589	135 368
Car Allowance	143 685	182 671
Contributions to UIF, Medical and Pension Funds	76 987	66 841
Acting Allowance in post of Municipal Manager	-	9 644
Total	700 341	679 901
Remuneration of the Chief Finance Officer		
Annual Remuneration (2007/04- 2007/06)	332 678	72 356
Performance Bonus	-	-
Car Allowance	212 860	46 296
Housing Allowance	20 858	4 347
Contributions to UIF, Medical and Pension Funds	74 590	20 589
Total	640 986	143 588

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

**Remuneration of the Individual Managers
30 June 2008**

	Technical Services 2007/10-2008/06	Health and Environment 2007/07-2007/11	Corporate Services
Annual Remuneration	249 509	130 861	323 818
Performance Bonus	-	9 098	9 098
Housing Allowance	42 590	53 834	59 734
Car Allowance	66 862	36 857	115 500
Contributions to UIF, Medical and Pension Funds	71 020	41 283	83 914
Total	429 981	271 933	592 064

**Remuneration of the Individual Managers
30 June 2008**

	Social Services	Public Safety 2007/11-2008/06	Admin Services
Annual Remuneration	317 124	213 454	332 678
Performance Bonus	11 372	-	-
Housing Allowance	84 932	59 626	100 588
Car Allowance	128 304	88 000	110 503
Contributions to UIF, Medical and Pension Funds	99 189	47 958	92 305
Total	640 921	409 038	636 074

**Remuneration of the Individual Managers
30 June 2008**

	Local Economic Development	Housing 2007/12-2008/06
Annual Remuneration	332 678	201 326
Performance Bonus	-	-
Housing Allowance	95 743	30 339
Car Allowance	102 168	65 500
Contributions to UIF, Medical and Pension Funds	74 687	58 639
Total	605 276	355 804

**Remuneration of the Individual Managers
30 June 2007**

	Technical Services	Health and Environment	Corporate Services
Annual Remuneration	196 749	292 199	153 595
Performance Bonus	24 564	22 745	22 745
Housing Allowance	97 872	84 451	74 440
Car Allowance	75 696	118 910	51 644
Contributions to UIF, Medical and Pension Funds	61 861	92 279	38 526
Total	456 742	610 584	340 950

**Remuneration of the Individual Managers
30 June 2007**

	Social Services	Public Safety	Admin Services
Annual Remuneration	297 888	302 371	304 718
Performance Bonus	22 745	24 564	22 745
Housing Allowance	128 505	132 183	102 809
Car Allowance	82 451	148 901	94 910
Contributions to UIF, Medical and Pension Funds	92 870	67 921	89 325
Total	624 459	675 940	614 507

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

**Remuneration of the Individual Managers
30 June 2007**

	Local Economic Development	Housing
Annual Remuneration	170 701	292 199
Performance Bonus	22 745	22 745
Housing Allowance	67 393	126 020
Car Allowance	64 088	98 716
Contributions to UIF, Medical and Pension Funds	43 890	85 944
Total	368 817	625 624

	<u>2008</u> R	<u>2007</u> R
22 REMUNERATION OF COUNCILLORS		
Executive Mayor	499 600	543 692
Speaker	402 562	440 629
Mayoral Committee Members	2 036 280	3 774 039
Full time Whip	378 302	399 531
Councillors ' allowances	1 964 350	2 926 101
Councillors' cellphone allowances	42 654	140 219
Councillors ' medical aid contributions	272 821	168 142
Councillors' transport allowances	2 165 205	1 090 485
Councillors ' housing allowances	437 028	273 386
Councillors ' office allowances	-	-
Councillors ' pension contributions	1 236 998	482 015
Total Councillors' Remuneration	9 435 800	10 238 239

In - kind Benefits

The Executive Mayor, Speaker, Whip and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of Council.

The Executive Mayor has use of a Council owned vehicle for official duties and a full - time driver.

23 INTEREST PAID

Long-term liabilities	3 190 027	12 172 071
Bank Overdraft	-	-
Total Interest on External Borrowings	3 190 027	12 172 071

24 BULK PURCHASES

Electricity	81 588 441	78 636 760
Sewerage	1 583 513	4 553 908
Water	3 595 950	10 992 080
Total Bulk Purchases	86 767 904	94 182 748

25 GRANTS AND SUBSIDIES PAID

Grant paid to other municipality	-	-
Grants paid - Indigents	14 729 198	18 662 750
Total Grants and Subsidies	14 729 198	18 662 750

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
26 CASH AND CASH EQUIVALENTS		
Balance at the end of the year	23 434 359	23 479 920
Balance at the beginning of the year	23 479 920	24 607 415
Net increase (decrease) in cash and cash equivalents	(45 561)	(1 127 495)
27 CASH GENERATED BY OPERATIONS		
Net surplus for the year	58 966 395	17 278 637
Adjustment for :-		
Depreciation	20 750 752	19 457 476
Gain on disposal of property, plant and equipment	-	-
Contribution to provisions - non-current	199 029	687 235
Contribution to provisions - current	(5 780 171)	36 946 741
Interest	(28 433 657)	(20 699 656)
Fair value investment	-	-
Dividends	-	-
Interest Paid	3 190 027	12 172 071
Operating surplus before working capital charges:	48 892 375	65 842 504
Increase in inventories	8 996 386	1 814 953
Increase in debtors	22 265 497	13 980 099
Increase in other debtors	351 250	(326 349)
Decrease in conditional grants and receipts	(11 985 711)	(6 577 390)
Increase in investments	(7 755 135)	(47 806 049)
Increase in reserves	(52 853 724)	(35 064 555)
Increase in creditors	(9 003 767)	(1 189 918)
Cash generated by operations	(1 092 829)	(9 326 705)
28 CHANGE IN ACCOUNTING POLICY: IMPLEMENTATION OF GAMAP/GRAP		
Inventory written off	-	-
Capital Replacement Reserve not cash backed written back	-	-
Total	-	-
29 UNAUTHORISED, IRREGULAR , FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council	-	-
Transfer to Statement of Financial Performance - authorised losses	-	-
Transfer to receivables for recovery	-	-
Closing balance	-	-
Incident - Disciplinary steps / criminal proceedings		
None	-	-

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
<u>Irregular, fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Transfer to Statement of Financial Performance	-	-
Transfer to receivables for recovery	-	-
Closing balance	<u>-</u>	<u>-</u>
 Incident - Disciplinary steps / criminal proceedings		
None		
 30 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>30.1 Contributions to organized local government</u>		
Opening balance	-	-
Council subscriptions	528 113	459 808
Amount paid - current year	528 113	459 808
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
 <u>30.2 Audit fees</u>		
Opening balance	-	-
Current year audit fee	1 498 300	1 130 344
Amount paid - current year	1 498 300	1 130 344
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
 <u>30.3 VAT</u>		
All VAT returns have been submitted by the due date throughout the year.	-	-
 <u>30.4 PAYE and UIF</u>		
Opening balance	-	-
Current year payroll deductions	14 785 570	12 926 769
Amount paid - current year	14 785 570	12 926 769
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
 <u>30.5 Pension and Medical Aid Deductions</u>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	37 645 940	34 038 078
Amount paid - current year	37 645 940	34 038 078
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	R	R	R
30.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at:-			
30 th June 2008	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councillor DM Koloti	8 302.55	608.47	7 694.08
Alderman RH Mokgethi	2 383.46	463.76	1 919.70
Total Councillor Arrear Consumer Accounts	10 686.01	1 072.23	9 613.78
30 th June 2007	<u>Total</u>	<u>Outstanding less than 90 days</u>	<u>Outstanding more than 90 days</u>
Councillor D Schoeman	1 153.88	31.58	1 122.30
Councillor DM Koloti	5 973.22	441.11	5 532.11
Total Councillor Arrear Consumer Accounts	7 127.10	472.69	6 654.41
During the year the following Councillors had arrear accounts outstanding for more than 90 days.			
	<u>Highest Amount Outstanding</u>	<u>Ageing</u>	
	R		
Councillor DM Koloti	8,448	450 + days	
Councillor D Schoeman	1,366	450 + days	
Alderman RH Mokgethi	2,383	330 + days	
Alderman TR Mampe	3,352	90 days	
Alderman DNS Tsagae	1,352	90 days	
Councillor MA Masiu	360	90 days	
	<u>2008</u>	<u>2007</u>	
	R	R	
31 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION			
Long-term liabilities (See note 3)	-	25 718 760	
Used to finance property, plant and equipment - at cost	-	25 718 760	
<i>Sub- Total</i>	-	-	
Cash set aside for the repayment of long-term liabilities	-	-	
Cash invested for repayment of long-term liabilities	-	-	
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.			

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
32 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure :		
- Approved and contracted for	1 254 000	9 854 284
Infrastructure	-	7 740 734
Community	-	718 938
Heritage	-	-
Other	1 254 000	1 394 612
Housing Development Fund	-	-
Investment Properties	-	-
- Approved but not yet contracted for	-	5 430 046
Infrastructure	-	4 322 975
Community	-	1 107 071
Heritage	-	-
Other	-	-
Housing Development Fund	-	-
Investment Properties	-	-
Total	1 254 000	15 284 330
This expenditure will be financed from :		
- External Loans	-	-
- Asset Financing Reserve	1 254 000	9 358 100
- Government Grants	-	5 926 230
- Internal Cash	-	-
- District Council Grants	-	-
	1 254 000	15 284 330
33 RETIREMENT BENEFIT INFORMATION		
All Councillors and employees belong to one of 6 different retirement funds. These funds are the Potchefstroom Municipal Retirement Fund, Joint Municipal Pension Fund, Municipal Workers Pension Fund, Municipal Gratuity Fund, Sala Pension Fund and the Pension Fund for Councillors. These funds are subject to a triennial actuarial valuation.		
An amount of R 17 975 386 (2006/2007 : R 13 423 443) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.	17 975 386	13 423 443
34 CONTINGENT LIABILITY		
The Tlokwe Local Municipality has the following financial exposure (including costs and disbursements) with regard to litigation and claims against Council :		
Labour related claims	4 166 623	3 150 000
Building Approval claims	-	3 150 000
Town Planning Scheme Disputes	125 000	166 570
Accrued interest on loan repayment- Dr Kenneth Kaunda District Municipality	888 639	-
Other claims	5 208 500	5 167 000
	10 388 762	11 633 570

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u> R	<u>2007</u> R
35 <u>CONTINGENT ASSET</u>		
Land claim settlement - Highveld National Park	22 000 000	-
The Tlokwe Local Municipality will receive an amount exceeding R 22 million plus interest calculated at 9% per annum for the sell of approximately 5 594.4269 hectares to the Barolong Boo Modiboa Communal Property Association.		
36 <u>IN - KIND DONATIONS AND ASSISTANCE</u>		
The Municipality received the following in-kind donations and assistance		
<u>Description</u>		
None		
37 <u>INTEREST RECEIVED - EXTERNAL INVESTMENTS</u>		
Interest income is accounted for on an accrual basis.		
<u>Financial Institution</u>	<u>2008</u> R	<u>2007</u> R
Nedbank Interest Accrual	1 211 216	844 103
Investec Invest	-	626 746
Investec	1 161 323	728 899
Investec Zero Coupon	1 038 332	906 793
Standard Bank Management Fund	1 705 539	2 011 129
Standard Bank	976 357	1 041 160
ABSA current account	6 092 767	3 118 322
Sanlam Annuity Interest	-	800 206
ABSA	1 721 487	847 014
	13 907 021	10 924 372
38 <u>PUBLIC PRIVATE PARTNERSHIPS</u>		
None		
39 <u>NON - COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT</u>		
The accounting officer deviated from the Draft Supply Chain Management Policy of the municipality by acquiring the following goods (refer Regulation 36(2) of the SCM Regulations)		
1.. The official procurement process for the procurement of 2000 Gemini PLC prepayment electricity meters and 1500 Gemini CSM Splitmeters to the total value of R 2 961 150 was dispensed as Landis & Gyr (PTY) Ltd is the sole provider of Gemini PLG prepayment electricity meters.		
2.. The official procurement process for the procurement of cables and switchgear for the Delta substation to the value of R 431 376 was dispensed due to the urgency to comply to the agreement with the Moorivier Mall developers to supply electricity to the Mall on time. If the timeline in supply of electricity was not met , Council had to pay penalties.		
3. The official procurement process for the procurement of a generator for the Council Chambers to the value of R 1 296 066 was dispensed due to the roll out of ESCOM's load shedding. Council resolved that a generator had to be procured as a matter of urgency. The generator was procured from VR Engineering.		

**TLOKWE
CITY COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

40 EXEMPTIONS IN TERMS OF CLAUSE 2(2) OF GOVERNMENT NOTICE 522 OF 29 JUNE 2007

This financial statements have been compiled in terms of GAMAP/GRAP standards except for the following standards or parts of standards exempted in terms of Clause 2(2) of General Notice 522 of 2007, dated 26 June 2007 and issued in Government Gazette No 30013 of 29 June 2007 :

<u>Financial reporting standard</u>	<u>Extent of exemption from standard</u>
GRAP 3 : Accounting policies, changes in accounting estimates and errors.	Identification and impact of GRAP standards that have been issued but are not effective and changes to accounting policies.
GAMAP 17 : Property, plant and equipment	Review of useful life of items of PPE. Review of depreciation method applied to PPE. Impairment of non-cash-generating assets. Impairment of cash-generating assets.
IAS 36 : Impairment of assets	Entire standard
GAMAP 12 : Inventories	Immovable capital assets inventory Water stock that was not purchased by the municipality.
IAS 40 : Investment property	Entire standard to the extent that the property is accounted for in terms of GAMAP 17. Disclosure of the fair value of investment property if the cost model is applied and where the investment property is recognised in terms of this standard.
IAS 17 : Leases	Recognising operating lease payments / receipt on a straight line basis if the amounts are recognised on the basis of cash flows in the lease agreement.
IAS 38 : Intangible assets	Entire standard for recognition , measurement and disclosure of computer software and website costs.
IAS 19 : Employee benefits	Defined benefit accounting as it relates to defined pension benefit plans.
GAMAP 9 : Revenue estimates and errors.	Initial measurement of fair value discounting all future receipts using an imputed rate of interest.
IAS 39 : Financial instruments : Recognition and measurement	Measuring financial assets and financial liabilities at fair value.
IFRS 5 : Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale.
IFRS 7 : Financial instruments : Disclosures	Entire standard to be replaced by IAS 32 issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
IAS 14 : Segment reporting	Entire standard
IFRS 8 : Operating segments	Entire standard
IAS 11: Construction contracts	Entire standard
IFRS 3 : Business combinations	Entire standard
IAS 20 : Accounting for government grants and disclosures of government assistance	Entire standard excluding paragraph 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42- 46 of GAMAP 9.

41 COMPARISON WITH THE BUDGET

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E (1) and E (2).

**TLOKWE
CITY COUNCIL**

APPENDIX A

**SCHEDULE OF EXTERNAL LOANS AS
AT 30 JUNE 2008**

EXTERNAL LOANS					Balance at 01/07/2007	Received during the period	Redeemed written off during the period	Balance at 30/06/2008			
					R	R	R	R	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA	
LONG-TERM LOANS											
Stock Loan					5 000 000	-	-	5 000 000	-	-	
Stock Loan					3 500 000	-	-	3 500 000	-	-	
Total Long-term Loans					8 500 000	-	-	8 500 000	-	-	
SHORT-TERM LOANS											
None					-	-	-	-	-	-	
Total Short-term Loans					-	-	-	-	-	-	
ANNUITY LOANS											
Development Bank of SA					10 465 239	-	4 907 202	5 558 037	-	-	
Development Bank of SA					6 753 521	-	2 888 458	3 865 063	-	-	
Development Bank of SA - SDM					-	644 842	-	644 842	-	-	
Development Bank of SA - SDM					-	4 939 340	-	4 939 340	-	-	
Development Bank of SA - SDM					-	17 494 213	-	17 494 213	-	-	
Total Annuity Loans					17 218 760	23 078 395	7 795 660	32 501 495	-	-	
GOVERNMENT LOANS											
None					-	-	-	-	-	-	
Total Government Loans					-	-	-	-	-	-	
TOTAL EXTERNAL LOANS					25 718 760	23 078 395	7 795 660	41 001 495	-	-	

**TLOKWE
CITY COUNCIL
APPENDIX B**

ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	<u>Cost / Revaluation</u>			<u>Accumulated Depreciation</u>			<u>Carrying Value</u>	<u>Budget Additions 2007/2008</u>
	<u>Opening Balance 01/07/2007</u>	<u>Additions</u>	<u>Under Construction</u>	<u>Disposals</u>	<u>Closing Balance 30/06/2008</u>	<u>Opening Balance 01/07/2007</u>	<u>Disposals</u>	<u>Closing Balance 30/06/2008</u>
INFRASTRUCTURE								
Roads, pavements, bridges and stormwater	73 766 600	10 352 562	-	-	84 119 162	1 615 412	-	4 272 308
Water reservoirs and reticulation	36 734 401	-	-	-	36 734 401	4 296 895	-	5 357 529
Car parks, bus terminals and taxi rank	535 496	-	-	-	535 496	26 774	-	281 465
Electricity reticulation	72 938 537	24 805 562	-	-	97 744 099	4 714 896	-	26 096 907
Sewerage purification and reticulation	19 034 778	22 071 434	-	-	41 106 212	8 129 017	-	9 709 913
Street lighting	1 438 255	-	-	-	1 438 255	431 198	-	455 060
Refuse sites	1	-	-	-	1	-	-	1
Other infrastructure	2 289 710	3 755 046	-	-	6 044 756	78 758	-	178 800
	206 737 778	60 984 604	-	-	267 722 382	36 188 062	-	46 351 982
COMMUNITY ASSETS								
Establishment of parks and gardens	917 241	70 938	-	-	988 179	459 828	-	505 537
Sportfields	12 654 797	-	-	-	12 654 797	5 215 417	-	5 850 758
Community halls	2 341 997	-	-	-	2 341 997	78 807	-	230 130
Libraries	510 319	344 352	-	-	854 671	15 129	-	65 088
Recreational facilities	15 088	32 900	-	-	47 988	5 829	-	6 501
Clinics	161 554	-	-	-	161 554	24 453	-	29 869
Museums and art galleries	50 000	-	-	-	50 000	-	-	-
Other community	7 687 075	-	-	-	7 687 075	342 996	-	1 160 525
	24 338 071	448 190	-	-	24 786 261	6 724 368	-	7 848 408
HERITAGE								
Heritage assets	-	-	-	-	-	-	-	-
HOUSING RENTAL STOCK								
Housing	1 413 963	-	-	-	1 413 963	214 213	-	261 328
	1 413 963	-	-	-	1 413 963	214 213	-	261 328
OTHER								
Motor vehicles	16 370 309	1 929 574	-	-	18 299 883	10 444 678	-	12 011 345
Plant and equipment	6 629 225	288 027	-	-	6 917 252	5 657 038	-	6 324 819
Office equipment	26 582 942	2 248 872	-	-	28 831 814	17 614 338	-	22 256 538
Airport	4 591	-	-	-	4 591	617	-	844
Security measures	2 151 040	91 454	-	-	2 242 494	2 018 688	-	2 068 645
Other	6 173 771	2 741 256	-	-	8 915 027	3 629 915	-	4 461 258
Civic land and buildings	5 707 512	3 538 256	-	-	9 245 768	929 477	-	1 119 704
Other land and buildings	46 035 435	-	-	-	46 035 435	14 959 719	-	16 426 994
	109 654 825	10 837 439	-	-	120 492 264	55 254 710	-	64 670 147
TOTAL	342 144 637	72 270 233	-	-	414 414 870	98 381 113	-	119 131 865
								84 924 358

TLOKWE CITY COUNCIL
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	<u>Cost</u>			<u>Accumulated Depreciation</u>				<u>Carrying Value</u>	<u>Budget Additions 2007/2008</u>
	<u>Opening Balance</u>	<u>Additions</u>	<u>Under Construction</u>	<u>Disposals</u>	<u>Closing Balance</u>	<u>Opening Balance</u>	<u>Additions</u>		
Executive and Council	10 166 056	3 543 277	-	-	13 709 333	3 269 019	505 467	9 934 847	4 538 742
Finance and Administration	21 420 598	2 118 230	-	-	23 538 828	9 032 333	1 698 768	12 807 727	4 192 449
Planning and Development	5 424 918	70 938	-	-	5 495 856	1 267 599	341 379	3 886 878	1 500 000
Health	4 175 811	-	-	-	4 175 811	1 792 072	293 286	2 090 453	-
Community and Social Services	26 503 829	877 856	-	-	27 381 685	8 453 224	1 053 007	17 875 454	938 003
Housing	2 488 974	-	-	-	2 488 974	454 862	95 019	1 939 093	-
Public Safety	14 712 507	1 788 670	-	-	16 501 177	5 320 432	1 333 807	9 846 938	2 200 300
Sport and Recreation	39 488 121	98 019	-	-	39 586 140	17 233 681	701 333	21 651 126	475 548
Environmental Protection	13 758	-	-	-	13 758	3 141	2 141	8 476	-
Waste Management	39 759 766	32 590 539	-	-	72 350 305	13 880 595	4 296 867	54 172 843	38 341 301
Road Transport	59 824 321	6 377 143	-	-	66 201 464	8 404 822	4 245 332	53 551 310	6 880 595
Water	36 734 401	-	-	-	36 734 401	3 888 079	1 469 450	31 376 872	-
Electricity	81 431 577	24 805 561	-	-	106 237 138	25 381 254	4 714 896	76 140 988	25 857 420
Other	-	-	-	-	-	-	-	-	-
TOTAL	342 144 637	72 270 233	-	-	414 414 870	98 381 113	20 750 752	295 283 005	84 924 358

TLOKWE CITY COUNCIL

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 ACTUAL INCOME	2007 ACTUAL EXPENDITURE	2007 SURPLUS (DEFICIT)		2008 ACTUAL INCOME	2008 ACTUAL EXPENDITURE	2008 SURPLUS (DEFICIT)
R	R	R		R	R	R
100	32 256 676	(32 256 576)	Executive and Council	-	33 610 009	(33 610 009)
110 549 501	80 831 462	29 718 039	Finance and Administration	133 371 028	92 189 979	41 181 049
2 013 283	8 042 673	(6 029 390)	Planning and Development	1 718 734	11 354 861	(9 636 127)
4 330 200	10 375 961	(6 045 761)	Health	4 099 710	9 089 644	(4 989 934)
1 019 537	15 095 559	(14 076 022)	Community and Social Services	1 045 734	15 734 369	(14 688 635)
-	2 781 992	(2 781 992)	Housing	(400)	2 587 648	(2 588 048)
10 919 247	25 218 906	(14 299 659)	Public Safety	4 594 178	22 881 290	(18 287 112)
2 503 564	21 391 675	(18 888 111)	Sport and Recreation	2 713 809	22 542 197	(19 828 388)
500 000	860 588	(360 588)	Environmental Protection	-	1 068 432	(1 068 432)
39 871 408	38 035 263	1 836 145	Waste Management	40 238 890	40 048 240	190 650
5 790 184	15 482 121	(9 691 937)	Road Transport	6 967 501	17 097 509	(10 130 008)
49 874 337	24 894 974	24 979 363	Water	47 250 472	16 852 856	30 397 616
145 889 467	101 631 320	44 258 147	Electricity	161 913 872	110 262 253	51 651 619
-	-	-	Other	28 810 361	-	28 810 361
373 260 827	376 899 170	(3 638 343)	Sub Total	432 723 889	395 319 287	37 404 602
-	20 916 980	(20 916 980)	Less Inter - Departmental Charges	-	21 561 793	(21 561 793)
373 260 827	355 982 190	17 278 637	Total	432 723 889	373 757 494	58 966 395

TLOKWE CITY COUNCIL
APPENDIX E (1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

<u>REVENUE</u>	<u>ACTUAL</u> 2008 R	<u>BUDGET</u> 2008 R	<u>VARIANCE</u> 2008 R	<u>VARIANCE</u> 2008 %	<u>Explanation of significant</u> <u>Variances greater than 10 % vs budget</u>
Property Rates	65 817 482	66 114 125	(296 643)	(0.45%)	
Property Rates- penalties imposed and collection charges	-	-	-	-	
Service Charges	248 656 235	253 360 795	(4 704 560)	(1.86%)	
Nett gain on sale of shares	-	-	-	-	
Rental of facilities and equipment	5 004 889	5 010 901	(6 012)	(0.12%)	
Interest earned- external investments	13 907 021	8 339 435	5 567 586	66.76%	Higher interest rate as well as more funds invested for longer periods.
Interest earned - outstanding debtors	14 526 636	12 588 000	1 938 636	15.40%	More interest levied as total amount of debtors increased.
Dividends received	-	-	-	-	
Fines	4 185 993	6 200 000	(2 014 007)	(32.48%)	New service provider not appointed due to legal problems.
Licenses and permits	6 943 455	5 016 910	1 926 545	38.40%	Increase in drivers licenses (R 1m) and motor vehicles licenses (R0.9m).
Income for agency services	-	-	-	-	
Government grants and subsidies	68 651 318	36 002 500	32 648 818	90.68%	Increase in grants received from Government.
Other income	5 030 860	8 364 129	(3 333 269)	(39.85%)	Decrease in revenue from various Council activities.
Public contributions, donated and contributed property , plant and equipment	-	-	-	-	
Gains on disposal of property, plant and equipment	-	-	-	-	
Total Revenue	432 723 889	400 996 795	31 727 094	7.91%	

TLOKWE CITY COUNCIL
APPENDIX E (1)
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

<u>EXPENDITURE</u>	<u>ACTUAL</u> <u>2008</u> <u>R</u>	<u>BUDGET</u> <u>2008</u> <u>R</u>	<u>VARIANCE</u> <u>2008</u> <u>R</u>	<u>VARIANCE</u> <u>2008</u> <u>%</u>	<u>Explanation of significant</u> <u>Variances greater than 10 % vs budget</u>
Employee related costs	125 112 325	134 946 775	(9 834 450)	(7.29%)	
Remuneration of Councillors	9 435 800	8 655 892	779 908	9.01%	
Bad debts	2 000 000	2 000 000	-	-	
Collection costs	-	-	-	-	
Depreciation	20 750 752	21 411 267	(660 515)	(3.08%)	
Repairs and maintenance	28 753 174	29 657 161	(903 987)	(3.05%)	
Interest paid	3 190 027	3 190 000	27	-	
Bulk purchases	86 767 904	104 575 549	(17 807 645)	(17.03%)	Decrease in expenditure on bulk purchases - R2.8m -electricity ,R11.68m- water.
Contracted services	1 705 889	1 396 577	309 312	-	
Grants and subsidies paid	14 729 198	14 571 645	157 553	1.08%	
General expenses	69 604 978	68 869 655	735 323	1.07%	
Contributions to / (transfers from) provisions	11 707 447	11 707 447	-	-	
Loss on disposal of property, plant and equipment	-	-	-	-	
Total Expenditure	373 757 494	400 981 968	(27 224 474)	(6.79%)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	58 966 395	14 827	58 951 568	397596.06%	

TLOKWE CITY COUNCIL
APPENDIX E (2)
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008
(ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

□

	<u>2008 Actual</u>	<u>2008 Under Construction</u>	<u>2008 Total Additions</u>	<u>2008 Budget</u>	<u>2008 Variance</u>	<u>2008 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	%	
INFRASTRUCTURE							
Roads, pavements, bridges and stormwater	10 352 562	-	10 352 562	11 828 351	1 475 790	12.48%	Kageng Ext 11 stormwater project to the value of R 1 035 000 was not finalized at the Adjudication Committee.
Water reservoirs and reticulation	-	-	-	-	-	-	
Car parks, bus terminals and taxi rank	-	-	-	-	-	-	
Electricity reticulation	24 805 562	-	24 805 562	25 857 420	(1 051 858)	(4.07%)	
Sewerage purification and reticulation	22 071 434	-	22 071 434	27 497 240	(5 425 806)	(19.73%)	Promosa Ext 3 project is not completed (R 1 045 000).
Street lighting	-	-	-	-	-	-	
Refuse sites	-	-	-	-	-	-	
Other infrastructure	3 755 046	-	3 755 046	4 779 217	(1 024 171)	(21.43%)	Delay in the Supply Chain Management process (R 600 000) and a savings realised on the Disaster Control Centre of R 410 000.
60 984 604	-	-	60 984 604	69 962 228	(8 026 045)	(8.61%)	
COMMUNITY ASSETS							
Establishment of parks and gardens	70 938	-	70 938	1 500 000	(1 429 062)	(95.27%)	Memorial Park project delayed by lengthy Supply Chain Management process.
Sportfields	-	-	-	-	-	-	
Community halls	-	-	-	-	-	-	
Libraries	344 352	-	344 352	403 200	(58 848)	(14.60%)	Funds left to procure furniture for libraries not yet built.
Recreational facilities	32 900	-	32 900	-	-	-	
Clinics	-	-	-	-	-	-	
Museums and art galleries	-	-	-	-	-	-	
Other community	-	-	-	-	-	-	
448 190	-	-	448 190	1 936 100	(1 487 910)	(76.85%)	
HERITAGE							
Heritage assets	-	-	-	-	-	-	
HOUSING RENTAL STOCK							
Housing	-	-	-	-	-	-	
OTHER							
Motor vehicles	1 929 574	-	1 929 574	2 414 648	(485 074)	(20.09%)	Delays in Supply Chain Management process.
Plant and equipment	288 027	-	288 027	1 948 000	(1 659 973)	(85.21%)	Delays in Supply Chain Management process.
Office equipment	2 248 872	-	2 248 872	2 817 678	(568 806)	(20.19%)	Delays in Supply Chain Management process.
Airport	-	-	-	-	-	-	
Security measures	91 454	-	91 454	91 454	-	-	
Other	2 741 256	-	2 741 256	2 765 488	(24 232)	(0.88%)	
Civic land and buildings	-	-	-	-	-	-	
Other land and buildings	3 538 256	-	3 538 256	2 988 762	549 494	18.39%	Over expenditure of R 708 702 on Felophepha Refuse Landfill Site.
10 837 439	-	-	10 837 439	13 026 030	(2 188 591)	(16.80%)	
72 270 233	-	-	72 270 233	84 924 358	(9 702 546)	(11.42%)	
TOTAL							

TLOKWE CITY COUNCIL

[illegible]

TLOKWE CITY COUNCIL

APPENDIX G

GENERAL STATISTICS AS AT 30 JUNE 2008

<u>GENERAL STATISTICS</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<u>Population (Estimate)</u>	224 040	220 403	211 936
<u>Registered voters</u>	75 751	76 995	79 073
<u>Valuations:</u>			
<u>Total valuation</u>			
Taxable Property	R 662 048 760	R 639 060 210	R 610 300 310
Non Taxable Property	R 183 485 850	R 176 796 400	R 162 134 400
<u>Total Property</u>	<u>R 845 534 610</u>	<u>R 815 856 610</u>	<u>R 772 434 710</u>
Residential	R 396 541 610	R 383 011 310	R 377 064 810
Commercial	R 118 813 600	R 110 491 300	R 96 902 400
Valuation Date	1 Jan 2001	1 Jan 2001	1 Jan 2001
Number of Premises	38 249	37 380	35 859
<u>Assessment Rates</u>			
Basic tariff (per rand)	13.78c	13.00c	12.15c
Discount Residential	40%	40%	40%
Additional discount-Ikageng res. stands	10%	15%	20%
<u>Employees:</u>			
Number of employees in service	1 025	1 014	993
<u>Electricity:</u>			
Units (kWh) purchased	417 486 830	431 977 119	427 861 782
Purchase cost per kWh	19.54c	18.19c	16.56c
Units (kWh) sold	407 308 595	388 428 977	374 410 429
Units (kWh) lost with distribution	10 178 235	43 548 142	53 451 353
Percentage lost with distribution	2.44%	10.08%	12.50%
Cost per unit sold	25.70c	25.46c	57.71c
Income per unit sold	39.50c	37.43c	36.18c
<u>Water:</u>			
kl purchased	12 949 882	12 574 032	12 521 747
Purchased cost per kiloliter	85.00c	R 1.00	92.40c
kl sold	12 415 162	12 185 722	12 049 489
kl lost with distribution	534 720	388 310	472 258
Percentage lost with distribution	4.10%	3.10%	3.80%
Cost per kl sold	R 2.08	R 1.40	R 1.23
Income per kl sold	R 3.77	R 3.15	R 3.11